

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF NEW MEXICO

STATE OF NEW MEXICO, *ex rel.*
State Engineer

Plaintiff,

vs.

RAMON ARAGON, *et al.*,

Defendants.

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CLERK OF COURT

69cv07941 BB-ACE

RIO CHAMA STREAM SYSTEM

**JOINT PROPOSAL FOR QUANTIFYING UNITED STATES' CLAIMS
UNDER THE WILD AND SCENIC RIVERS ACT**

Pursuant to the Court's Memorandum Opinion and Order (7331) dated March 16, 2004, the United States and the State of New Mexico hereby report on the status of settlement discussions concerning the United States' water rights claim under the Wild and Scenic Rivers Act, and jointly propose the following approach for quantifying those water rights.

1. Counsel for the United States and the State of New Mexico ("State") have conducted several telephonic conferences to discuss possible settlement of the United States' claims under the Wild and Scenic Rivers Act. In addition, the State has made a preliminary review and evaluation of materials and studies by the Bureau of Land Management in connection with an instream flow assessment of the Rio Chama intended to quantify flows necessary to accomplish the purposes for which the Rio Chama was designated a Wild and Scenic River. Counsel for the United States and the State are cautiously optimistic that the United States and the State of New Mexico can come to an agreement on the amount of water necessary to accomplish the purposes of the Wild and Scenic

River designation and settle all matters associated with the United States' reserved water rights claim.

2. Rather than schedule litigation related proceedings at this time, the United States and the State of New Mexico propose a period of approximately six months to diligently pursue settlement of the United States's claims. Neither the United States nor the State of New Mexico has the resources to undertake simultaneous litigation proceedings and settlement discussions in this matter.

3. The Rio Chama Acequia Association and the Asociación de Acéquias Norteñas de Rio Arriba will be invited to participate in settlement discussions, as they participated in the original summary judgment briefing.

4. The United States and the State of New Mexico propose the following schedule:

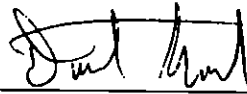
- a. The United States will submit to the State of New Mexico, the Rio Chama Acequia Association and the Asociación de Acéquias Norteñas de Rio Arriba a written proposal for settlement of its water rights claims by August 14, 2004. Materials provided to the State of New Mexico concerning the Rio Chama Management Plan and the Rio Chama Instream Flow Assessment, and any other materials upon which the United States' proposal is based, will be provided to the State, the Rio Chama Acequia Association and the Asociación de Acéquias Norteñas de Rio Arriba.
- b. Representatives from the United States, the State of New Mexico, the Rio Chama Acequia Association and the Asociación de Acéquias Norteñas de Rio Arriba will meet in Santa Fe beginning in August 2004, and at least monthly thereafter, to discuss settlement of the United States' claims.
- c. By November 1, 2004, the parties will file a joint status report with the Court

describing the progress to date in arriving at a settlement, or in the alternative, submit a proposed Consent Order for the Court's consideration.

- d. The State and the United States respectfully request that the Court schedule a Status Conference with the parties in February 2005, unless a Consent Order adjudicating the United States' claim has already been entered. Two weeks prior to the scheduled Status Conference, the parties will file a Status Report. If the parties have reached a settlement, the parties will submit a proposed Consent Order concerning the United States' reserved water rights under the Wild and Scenic Rivers Act. If the parties have not reached a complete settlement at the time the Status Report is due, the parties will so inform the Court.

Respectfully submitted this 30th day of June, 2004.

COUNSEL FOR THE UNITED STATES



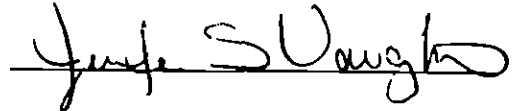
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CERTIFICATE OF SERVICE

I hereby certify that copies of the above Joint Proposal for Quantifying United States' Claims Under the Wild and Scenic Rivers Act was mailed to following persons on June 30, 2004.



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